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**RESEARCH FOUNDATION OF STATE UNIVERSITY OF NEW YORK
INTERNATIONAL PROGRAMS AND DEVELOPMENT**

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MEMORANDUM

DATE: February 22, 1999

TO: Ms. Patricia Lerner

FROM: Ronald P. Oppen

John J. Blum For RPO

SUBJECT: Final Project Report and Quarterly Report for
AID Project No. EUR-G-00-91-00061-00

Attached is a **Final Project Report and Quarterly Report**, covering the period from October 1, 1998 to December 31, 1998 with appendices and attachments, for the seventh year funding of AID's Management Training and Economics Education Project (MTEEP). SUNY RF's International Program office has concluded management of the program in Hungary under the subject project number.

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FINAL REPORT ON THE SUNY HUNGARY MANAGEMENT TRAINING AND ECONOMICS EDUCATION PROJECT (MTEEP)

Research Foundation of State University of New York
International Programs and Development - SUNY IPD

Grant # EUR-G-00-91-00061-00

Introduction

Shortly after the major political events of 1989, when the Soviet Union dissolved and the nations of eastern Europe became open to the west, USAID began providing technical assistance to most of eastern Europe to foster the transition of former command economies to free market democracies. The Research Foundation of SUNY, through its International Programs and Development office, has been active in Hungary since 1991 with AID support. Its efforts have focused on higher education institution building and assistance to the small and medium enterprise sector, primarily through management training.

The SUNY Hungary program was one of a series of MTEEP grants awarded throughout the region. The project ended on December 31, 1998 after a three month extension granted by USAID. The final quarter of activities and additional documents can be found in Appendix A. This report provides an overview of the project and its diverse activities over its eight year history. The project managers also provide insights into lessons learned and some of the project's major accomplishments.

Chronology

SUNY first began working in Hungary during the spring of 1990 with support from the Mellon Foundation. A series of free market and economy in transition seminars were conducted that June. Upon completion of this initial series of programs, SUNY learned of AID's intention to award grants on a competitive basis to provide management training and economics education (MTEE) in the region. SUNY responded to an RFP and was awarded a one-year grant to conduct private sector management training and education activities in mid-1991. Initial activities focused on short courses for entrepreneurs and managers on the principles and techniques of western business practices.

SUNY's initial AID grant was renewed twice on an annual basis, each time in response to new RFPs that modified AID's original focus, to accommodate the rapid pace of change in the private sector. During the 1993-94 project year SUNY introduced Total Quality Management (TQM) concepts, and created a Center of Excellence in TQM at Budapest's Technical University.

In 1994, AID indicated that it would continue supporting these types of activity in

Hungary for a four-year period. SUNY competed for and won a grant to continue its private sector development work with increasing emphasis on TQM. Project funding ended on December 31, 1998.

Partners

The major operational components of the SUNY Hungary Project were:

► ***Research Foundation of SUNY's International Programs and Development office - SUNY IPD***

SUNY IPD was responsible for overall project management including preparation of grant applications, financial oversight, program planning, and reporting. The project director worked in the Albany headquarters and made regular management trips to Hungary to meet with AID and other project partners. SUNY IPD was also involved in recruiting U.S. consultants who delivered programs in Hungary for periods from one week to 18 months in length.

► ***The Center for Private Enterprise Development - CPED***

CPED was incorporated as a nonprofit foundation under Hungarian law to carry out activities under the AID grant. It also played a role in SUNY's early activities in Hungary before the first AID grants were awarded. CPED was SUNY's representative in Hungary and was responsible for carrying out all activities in-country. CPED was also responsible for oversight of the expenditures made for goods and services in Hungary.

► ***State University of New York at Buffalo School of Management - SUNY Buffalo***

SUNY Buffalo was a key partner in the project with specific responsibilities for TQM programs, graduate internships for Hungarian scholars and participant programs in the U.S. for Hungarian academics and managers. SUNY Buffalo received an annual suballocation of project funds from SUNY IPD to support its activities.

► ***Technical University of Budapest - TUB***

TUB was the project's primary academic partner in Hungary for TQM and for the new engineering management MBA program. It was selected for this role because of its position as the nation's most advanced technological higher education institution. Primary goals for TUB under the project were the establishment of a TQM Center and a Hungarian language MBA program, TQM faculty and curriculum development, inception of faculty consulting activities for the private sector and assisting seven other Hungarian universities to develop their own capacities in many of the same fields. The primary contact for project activity at TUB was with officials from the Department of Industrial Management and Business Economics (DIMBE).

► ***Regional Partner Campuses***

Universities in Sopron, Pecs, Szeged, Miskolc, Debrecen, Veszprem and Gyor were involved in the project as partner campuses where academic programs in TQM and the development of consulting services were to be implemented. Project activities were also conducted at academic institutions such as the Budapest University of Economic Sciences (BUES), Agricultural colleges, and Teacher Training colleges.

► ***Regional Partner Organizations***

CPED always conducted programs with local partners throughout Hungary to leverage resources, to ensure local support for providing program venues and for assistance in identifying the proper audiences for the project's programs. These local partner groups, which were used for almost all programs over the life of the project, included Local Enterprise Agencies, Chambers of Commerce, Entrepreneurs' clubs and regional industrial groups.

► ***U.S. Government Organizations***

The United States Agency for International Development (USAID) sponsored the MTEEP program--the grant was issued under the direction of the Eastern Europe and New Independent States (ENI) Bureau. The SUNY Hungary project also received exceptional institutional support for its activities from the U.S. Embassy in Budapest and from the United States Information Agency.

Objectives

The primary objectives of the SUNY MTEE project were:

- To provide information and educational services to managers and entrepreneurs to facilitate the transition of the Hungarian economy from a command economy to a free market system with an efficient, competitive private sector.
- To establish a national TQM culture.
- To help higher education institutions develop relevant curriculum and course materials to educate Hungarians in modern management practices.
- To invest in Hungarian human resource development at this critical early stage to provide present and future leaders in academia and the private sector with new skills needed to transform the Hungarian economy and to enable them to compete successfully in Europe's changing economy.

Outputs

By any objective assessment, the SUNY Hungary project has been a success. This has been borne out by various independent evaluations performed at AID's request over the years (see Appendix B for a collection of evaluation summaries). SUNY estimates that **over 20,000 Hungarian contacts to project activities were realized over the life of the project** in terms of students trained, private sector consulting, short course attendees, internships and U.S.-based programs for Hungarians (see Appendix C for a detailed listing of outputs).

In addition to program exposures, the project also leaves behind substantial resources:

- ▶ Three textbooks in Hungarian on key management topics such as TQM, benchmarking, and business process redesign. An additional one on corporate responsibility was in development at BUES through a grant from the project as the project closed out;
- ▶ A basic video accounting course in Hungarian;
- ▶ Two casebooks in Hungarian on the topics of quality management and human resources;
- ▶ Resource centers at eight campuses for teaching students and private managers;
- ▶ A highly regarded MBA program for engineers at TUB; and
- ▶ Many Hungarian language materials developed for various short courses and seminar programs.

Sustainability

AID emphasized sustainability of project activities in the MTEEP series. While sustainability of all SUNY MTEEP program activities is neither feasible nor desirable there are many instances where the project's activities will have lasting effects. The published materials listed in the previous section along with resource libraries and equipment at the regional campuses will be available for use for many years to come. The TQM resource centers have enabled campus partners to develop consulting expertise at a time when university resources were being cut back and consolidated by the Hungarian government. Professors who took part in faculty development programs used what they learned in the classroom and were able to supplement their academic incomes by private consulting which allowed them to stay in the teaching profession.

SUNY's presence in Hungary and the ability of the program to supplement existing academic resources contributed to the increased retention of Hungarian faculty between 1991 and 1998. This trend contributes to sustainability by ensuring that investments in human resources in academia will contribute to Hungary's economic development for many years to come. The same applies to the experiences of graduate interns from Hungary who conducted research for PhD dissertations while at SUNY Buffalo; training, experiences and contacts made through the SUNY Hungary project will continue to yield benefits for the professors, their students, their institutions and the country.

TUB's three-year MBA program is a prime example of a sustainable project element; it now has over 400 students and the first class will receive degrees after completing exams in the spring of 1999. TUB officials believe that the program will continue to expand with the development of new course offerings and could grow to 5,000 students within a few years. TUB's MBA program has been charging tuition fees since its inception and program revenues have been used to develop additional course modules for students, using visiting faculty. Additional revenues have been used to support other TUB departmental activities. Most of those attending the program are working in the private sector, and most of those have their tuition paid by their employers. At project closeout the MBA program is self sustaining and project-developed linkages with U.S. partners including SUNY Buffalo, the Rochester Institute of Technology, and other foreign universities are expected to continue.

The video-based 15-part accounting series with its supplemental printed material became the standard teaching program of accounting at the high school level. Other institutional partners such as Local Enterprise Agencies and chambers of commerce developed expertise in program management and were viewed as legitimate resources for the private sector through collaboration with SUNY's Hungary project. This included a Fellows training program offered through the project with full support from the Pew Charitable Trusts. This program element consisted of 18 professionals including many from newly established chambers of commerce, receiving advanced training in their professions and in economic development techniques in the U.S.

In the original grant from AID the Center for Private Enterprise Development was envisioned as an ongoing, self-sustaining provider of programs after the conclusion of the project. This original aim will not be realized for a number of reasons, including:

- The current staff of CPED have decided to pursue different careers: Two of the four have started their own businesses; a third works for one of them.
- For-profit consulting firms have become well established in Hungary, including many who received technical assistance from AID.
- CPED's primary mission was to act as SUNY's in-country representative in designing programs, working with Hungarian partners to identify venues and the proper audiences, in conducting the programs, in maintaining the voluminous AID-required program participant information, and in managing the multi-faceted project's finances. The CPED staff was an administrative staff and thus lacked in-house consulting expertise. It was far more valuable in this role than it would have been had it attempted to compete with the rapidly expanding number of Western-trained consultants and companies throughout Hungary.

The SUNY project managers view CPED's phase-out as a logical step that demonstrates significant rapid growth of the Hungarian private sector and the changed reality of the competitive marketplace since the early days of the economic transition in 1990. It should also be noted that a market niche for consulting services has been developed at TUB and regional partner campuses.

This national expansion of consulting capability was realized after the original proposal was modified by several subsequent RFPs. CPED ably served as SUNY's representative, and its staff made significant contributions to all programs and administrative activities. The overall success of the program has largely been due to the skill and professionalism exhibited by its in-country staff. The relationship between SUNY managers and CPED staff can also be characterized as an extremely productive collaboration since little could have been achieved without coordination between the U.S. and Hungarian project offices. CPED, in effect, gave SUNY full-time presence in Hungary and provided the kind of two-way feedback necessary for this long-running and complex project.

Administrative Issues

► CPED Dissolution/Severance

SUNY IPD and CPED retained a Hungarian legal firm to advise project managers on the process of legally dissolving CPED and severing its staff in accordance with Hungary's labor laws. The Hungarian courts have been petitioned to have CPED's nonprofit registration rescinded. CPED employees were advised of their termination and severance packages have been worked out. Through their experiences and additional training provided under the project, most of the Hungarian staff have already found employment situations to support themselves after the completion of the SUNY project.

► Disposition of Property

Nonexpendable property (furniture, computers and office equipment) will remain in use at TUB and seven regional campuses under the goals of the grant. Surplus CPED equipment has been distributed to the eight university partners; the equipment obtained by project managers for use in U.S. offices will be retained by SUNY IPD for work on other AID- supported programs. SUNY IPD has provided AID with a list of the location and condition of all equipment items obtained during the life of the project, the majority of it is still in use on Hungarian campuses for educational and consulting purposes.

All resource and reference books and related materials have been granted to the regional partners for their continued use.

► End of Project Financial Status

Total USAID funds obligated to the SUNY Hungary project were \$6.9 million. Project managers indicated to AID in 1997 that some funds from the original obligation could be reprogrammed for other purposes since it was unlikely that all funds would be necessary. This resulted in a revised total of \$6,695,413 for the entire program. As of January 1999, \$6,579,580 in AID project funds had been expended in support of project activities.

Life of project cost sharing exceeded \$4.3 million which translates into a 40% figure in relation to total program. This is a significant point in that the initial target for cost sharing from 1991-93 was only 26%. Cost sharing from partners, particularly TUB's contribution to the MBA program and MBA student tuition fees paid by employers, was considerable and a major component of the project's success.

Lessons Learned

SUNY's project design for technical assistance work in Hungary was sound and by following it IPD achieved about 95% of most projected outputs while exceeding goals in some areas. **There were several projections and assumptions that did not work out as expected, chief among them the assumption that a purely "goodwill" model could ensure that an eight-campus network would function in a well-coordinated fashion.** Project managers did not fully consider the difficulty of getting different institutions with different agendas and different institutional constraints to put these differences aside and work together to achieve the project's central set of objectives. Despite these difficulties in organization and coordination, eight Hungarian universities have well-equipped, functioning TQM centers staffed by faculty trained at our Buffalo campus. The TQM centers communicate with one another through informal exchanges and collaborate when they derive mutual benefit.

Though the TQM center network does not function as a true network, with central guidance and control, each center is fully engaged in TQM and general management instruction and private sector consulting.

Similarly, the projection of delivery of 278 short courses over the 1994-98 period was a bit optimistic. Demand for these programs began to wane as Hungarian audiences became more sophisticated--a function of the country's success in making the transition to a market economy more rapidly than we had thought would be the case. Project managers took the waning interest in short courses into account and adjusted the project's focus by adding grant-related activities such as an ethics in business component and a series of activities designed to enhance Hungary's ability to improve and market its growing wine production, primarily outside Hungary.

The SUNY Hungary project was primarily an educational effort and attempts to quantify its impact in terms of institutional improvement and expansion of the Hungarian economy have not been successful. The program was geared toward human resource development with the allocation of intellectual resources to improve teaching and consulting. The program was never intended to function primarily at the firm level and programs were never conducted with individual companies. AID's desire for measurable results in the SME sector were never likely to reveal quantifiable impact due to the nature of the project and to the expense of collecting such data.

One of the major lessons is that this project could not have been the success it was had it

not been for the full-time presence of CPED and its dedicated staff. The high retention rate of U.S. and Hungarian project staff provided management continuity throughout the life of project. This management continuity was mostly a function of having full-time project managers in the U.S. and in Hungary. Part time staffing arrangements would not have been as effective.

Project Evaluation/Relations with AID

Monitoring and evaluation of programs of this scope are a legitimate concern of sponsors, particularly when public funds are used. However, SUNY Hungary project managers believe that this task was never clearly defined or implemented in a comprehensive fashion by AID for the MTEEP series. The requirement for semiannual evaluations was never mentioned in any of the four RFPs to which SUNY responded, which means it remained an unfunded activity from the time evaluations began in 1992. AID's reliance on U.S.-based firms, with limited financial support, to perform evaluations resulted in exercises where project managers were asked to design itineraries, arrange appointments, and provide program data. This meant that project managers controlled the evaluation process in every respect except the drafting of the reports. There was little independence or objectivity in the process, and the lack of familiarity of the evaluators with project details meant each draft evaluation report was extensively revised by SUNY in order to correct factual and interpretative errors.

In this regard, despite the requirement that project managers prepare quarterly reports on grant activities, these reports do not seem to have received the attention from the sponsors or the evaluators that they deserved as the ongoing record of project activities. At each evaluation over the last four years the same basic background information was presented to each team of evaluators, twice a year, on project activities. This took more time than it should have and again placed project personnel in the position of doing the work of the evaluators.

AID's re-engineering process also caused difficulty for the SUNY project since its program was lumped into improvement of Hungary's SME sector as part of AID's effort to enunciate its strategic objectives. This created a situation where SUNY Hungary was put into an organizational box which was a poor fit, since we worked with managers and never with SMEs as such. Then the program was directed to provide quantifiable indicators in an area where results are difficult and expensive to measure. This bad fit was exemplified by the search for firm level results as a result of attendance at a SUNY Hungary short course. It is SUNY's view that AID was largely insensitive to the Hungarian context, particularly in its lack of awareness of how difficult it is to obtain the data needed to assess project impact on the SME sector.

As another case in point, AID canceled the contract of the firm which had conducted evaluations of the MTEEP series since 1994 as the projects were approaching closeout. AID/BP also directed SUNY to have a Hungarian firm conduct an in-depth impact evaluation. At the same time as the impact evaluation was being performed, AID Washington commissioned an evaluation by a U.S.-based consultant in November of 1998. This resulted in the SUNY project being evaluated 14 times from 1992 through 1998, at great cost in staff time. Looking back we cannot

recall a single instance of an evaluator's recommendation resulting in any significant change in project direction or management.

Despite these comments SUNY enjoyed a good working relationship with AID. SUNY recognizes AID's difficulty in working in a region in which it had no experience prior to the events of December 1989, in undergoing its own Congress-driven re-engineering process, and the pressure it was under to provide precise figures on the results of its projects to Congress and other government departments. Evaluation is a well-understood process in universities but the process must be well-conceived and carried out if it is to be useful. In SUNY's view there was more monitoring of its activities than evaluation of those activities.

Conclusions

The SUNY Hungary project made a sustainable contribution to the development of Hungary's private sector and to its institutions of higher learning at a critical point in its history. The economic transition initiated in 1989 has taken hold and shows positive momentum. The nation is poised to be completely integrated into the European community early in the next century. SUNY takes pride in having played a key role in this challenging endeavor and feels confident that the program will have lasting value to the Hungarian people and to the Western world.

APPENDICES

Appendix A:

Final Quarterly Report of Project Activities from October 1 through December 31, 1998

A.1-Financial Summary through January 1999

A.2-Video Entrepreneurship Materials

A.3-Wine Tourism Materials

A.4-Balatonfured Program Schedule

A.5-Quarterly Activity Summary by TUB

Appendix B:

Evaluation Summaries of SUNY Hungary MTEE Project

B.1-BUES evalaution commissioned by AID mission in BP

B.2-Datex evaluation summary

B.3-AID Project Officer summary prepared by A. Beasely

Appendix C:

Life of Project Output Summary

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Appendix A

MANAGEMENT TRAINING AND ECONOMICS EDUCATION PROJECT

AID Grant #: EUR-G-00-91-00061-00

EXTENSION REPORT

Period: October 1, 1998 through December 31, 1998

Project Overview

This project is managed by the Research Foundation of State University of New York's International Programs and Development office (IPD) based in Albany, and by the Center for Private Enterprise Development (CPED) in Budapest. The CPED is SUNY's administrative agent and program coordinator in Hungary, and is also a registered not-for-profit organization with the Hungarian government.

The SUNY MTEEP program contributes to private sector development in Hungary primarily through higher education institution building and the teaching of management principles and techniques with a focus on Total Quality Management (TQM). Two major partners in the project are the SUNY Buffalo School of Management and the Technical University of Budapest (TUB). Project activities take place at eight campus-based, project-created TQM centers and in dozens of cities without higher education institutions.

This report covers the activities of the project during a three-month extension period granted by AID beyond the original closeout date of September 30, 1998. The program officially ceased operations on December 31, 1998.

Summary of Activities

- ▶ The draft project impact study by Management Kft. was available for review on October 20, as scheduled.
- ▶ John Bloss traveled to Hungary from October 21-28 to address project closeout issues and details of remaining scheduled programs. He also reviewed the draft project impact report and discussed his initial reactions to the document with the Hungarian authors.
- ▶ James Tusty presented a seminar on entrepreneurship in the film/video industry in Budapest on October 28-29. Mr. Tusty previously oversaw the highly successfully video-based accounting training series produced through the SUNY MTEE project. Mr. Tusty donated his consulting time for this activity--only his travel costs were covered by project expenses. Fourteen Hungarians took part in the program which included one day of presentations and one day of site visits to production studios in Budapest.

► Project Director Ron Oppen traveled to Hungary from November 2-6 to take part in a project evaluation program requested by AID's ENI Bureau in Washington. He was interviewed by the authors of the impact study and also shared his perspective on the findings and methodology of the report.

► SUNY Buffalo conducted the final project-sponsored Balatonfured Engineering Management seminar during the week of November 9. A total of 47 students took part in the program. This was the last project supported program of the collaboration between TUB and SUNY Buffalo.

► Nick Vaczek and Scott Osborn presented two wine-making/tourism promotion seminars in the eastern Hungarian towns of Tarcsl and Gyongyos. These took place during the week of November 9-13. There were 110 attendees who took part in the programs at the various locations. These were the final events sponsored by SUNY CPED.

The consultants also traveled to Villany on November 7 at the invitation of local officials to sign a friendship agreement establishing an ongoing relationship between the Seneca Lake Wine Trail and the Villany-Siklos Borut (wine route). Future exchanges are anticipated after project support ends. A resolution from New York State Governor George Pataki honoring the wine regions was also presented.

► A detailed article on the Finger Lakes wine region and its relationship to Villany wine region has been published in Hungarian trade journal Vendeglatas. The article discusses the SUNY sponsored educational programs on wine tourism and the relationship established by the wine region.

► CPED made arrangements with BUES officials to supply a grant to support an Alternative Business publication. This is an outcome of the Business Ethics program conducted throughout 1998. Prof. Laszlo Radacsi and another faculty colleague at BUES will prepare materials and secure publication rights for relevant articles for the publication which will be used for instructional purposes at BUES. The grant is approximately \$2,800 and 250 copies are expected to be printed in the initial run.

► The TUB MBA program sponsored an intensive seminar in December, 348 students took part in the program. This installment of the MBA seminar was entirely self-supported and organized by TUB.

► During the quarter, CPED and SUNY IPD continued to follow project closeout procedures and began to prepare the final project report to be submitted to AID.

► CPED director Arpad Kezdi visited the U.S. during mid-November. He participated in discussions about the final project report being prepared by project managers.

► Project Director Oppen made a final trip to Hungary in December to meet with AID officials

and handle closeout issues with the CPED staff.

- ▶ The project impact study prepared by BUES was completed and delivered to CPED and SUNY IPD. Copies were distributed to appropriate partners and AID officials.
- ▶ During the quarter, the project tallied 472 short course training contacts, 47 Balatonfured conference participants and 525 consulting contacts by the TUB TQM center.
- ▶ The gender breakdown for participants who took part in the programs listed above was 80% male and 20 % female.

▶ AID spending for quarter:	\$255,543
Cost Sharing for quarter:	\$427,851
Total Program:	\$683,394
Cost Share %:	62.6%

Administrative Issues

- ▶ CPED and SUNY IPD have provided a comprehensive NXP property inventory list and disposition plan to AID. All equipment at campus TQM centers will remain at current locations for continued use. Equipment from CPED has been disbursed to project partners.
- ▶ Arrangements have been made with Kurator--the Hungarian paymaster--to establish an escrow account for remaining CPED bills to be paid after the December 31, 1998 closeout date. Once all bills are paid, Kurator will arrange for transfer of project funds from Hungary to SUNY RF.
- ▶ Formal legal documents to finalize the dissolution of CPED have been filed with the Hungarian courts. Official action is pending but is expected to be a formality.
- ▶ At the end of the quarter, the SUNY Hungary MTEE project had surpassed \$6.57 million in AID spending and generated over \$4.3 million in cost-shared inputs in support of project activities. As of January 31, there was \$77,727 in uncommitted funds remaining in the SUNY IPD/CPED account and \$37,513 remaining in the SUNY Buffalo subaccount. After a final reconciliation of project accounts, SUNY Buffalo will transfer uncommitted balance to SUNY IPD and then the account will be closed by the Research Foundation of SUNY.

Appendix B.1

Executive summary

1. The seven year (FY 1991-1998) MTEEP project of SUNY OIP achieved its principal purpose of assisting Hungary's economic transformation through providing market economics education and later of creating a culture of total quality management.
2. Despite a complex objective and output structure most of the objectives have been met and outputs delivered. The principal achievements were the following:
 - A. Around 5000 Hungarians trained in short courses of various subjects, for small, medium and large enterprises with interest in total quality management philosophy.
 - B. The Technical University of Budapest developed an MBA program through faculty retraining, curriculum development and study tours made possible by the project.
 - C. Teaching and consulting capabilities of seven regional universities through TQM were developed and improved.
3. The evaluators used complex methodology including expert interviews, formal questionnaires, phone interviews, case study writing, and study of documents. Further comparable background information was researched and evaluated. The evaluation does not include a financial audit.
4. While the project has overall been successful, the network and project management did not reach their full potential. This is mainly due to organizational constraints and personal strains. The network however will maintain an informal ad hoc existence.
5. The project is sustainable through its previously existing and project-developed institutional design, teaching and consulting capability and disseminated information. It will enable project participants to play constructive roles in the continuing economic transformation of Hungary.
6. Future projects should create a strong background (in this case provided by SUNY), choose the right local partner, enter early and transfer skills in project management.

HUNGARY: STATE UNIVERSITY OF NEW YORK

EXECUTIVE SUMMARY

PROJECT PURPOSE

The State University of New York (SUNY), Office of International Programs and Development (I.D.) was awarded an MTEEP grant in 1991 with the main purpose of building a strong Hungarian private sector. In 1994, upon award of the current grant, the program purpose was expanded and modified to include creating a national culture of total quality management (TQM) through university-based TQM Centers.

SUMMARY OF GRANT OBJECTIVES

SUNY's activities have been aimed at institutionalizing business education through seven, and later eight, TQM Centers at universities and colleges around the country as well as an MBA program at the Technical University of Budapest (TUB). The grant's main objectives are as follows: development of a national university-based network of TQM Centers and trainers; curriculum and faculty development in modern management, including development of Hungarian language resources; and institutional capacity building in the provision of company-level TQM programs and training courses. The program was targeted at university faculty members and their institutions, their management students, and Hungarian companies.

<i>End of Project Status (per '92 grant)</i>	<i>Achievements toward Objectives over Life of Project</i>
TUB will be a recognized national Hungarian resource for teaching and company implementation of TQM principles and procedures, and in mgmt training for engineering students.	This has happened. TUB is the acknowledged TQM leader. TUB TQM Center is well established consulting institution; 60% of income from consulting, 40% from education activities (all fee based). All of their faculty have been to US on study tours-TQM spirit pervades. TUB attracts engineering management students with the highest national scores.
TUB will have worked w/ SUNY faculty to enhance capacity of six regional partner universities to teach and use TQM procedures and principles on campus and on the company level.	TUB served a leadership role in the initial expansion to the regional centers, providing real professional support. Also helped add an additional partner at Győr. Now that the centers are established the relationship is largely informal. The TUB MBA has used regional profs to guest lecture at times.
Faculty in every major dept. in TUB will have received training from SUNY faculty in Hungary and US and will have participated in TQM-based case writing involving Hungarian companies.	The entire management faculty has received SUNY training, including US study tours.
TQM will be a component of TUB's MBA and other programs.	TQM is fully integrated into the undergraduate and graduate curriculum, especially the MBA.

Principal faculty of the 6 regional partners will have received training in US as well, including observational company visits in NY to observe practical TQM applications.	Faculty and local business representatives selected by the centers have received US training and participated on US study tours through the University of Buffalo. All of the TQM Centers have sent faculty to Buffalo.
National TQM culture will exist in Hungary, primarily in universities and manufacturing sectors, and customer-defined quality standards will figure in all major engineering, production and managerial decisions.	From our interviews there is certainly a well-developed "TQM culture" for those who have worked on the project, there was no real venue to determine whether this is a national culture. However, the regional partners do reach a large number of students around the country and TQM has been integrated into the curricula.
Development of a national university-based network of TQM Centers and trainers.	Eight TQM centers have been established around the country, with trained faculty.
Education and faculty development (curriculum development, Hungarian materials development, consulting, and outreach training).	Each partner has integrated TQM into their curricula to varying extents as a result of SUNY training and practical exposure to TQM through US study tours
Faculty training in the US in TQM practices, including case writing curriculum development.	This has been achieved.
Management faculty at all participating institutions capable of implementing company-level TQM programs and training courses; produced substantial amounts of Hungarian language TQM teaching materials; introduced TQM curricula	This has been achieved.
Direct beneficiaries will be faculty members and their institutions, their management students, and Hungarian companies	The project has had a strong institutional strengthening component throughout with extensive faculty training, equipment purchases, teaching material purchases & development.
<i>Added program benefit beyond original grant documents & proposed activities</i>	
Project has been flexible and creative, identifying important subject areas and providing additional faculty development programs outside of TQM	The project has organized programs in operations & budgets/ human resources and business ethics which are important and potentially critical management topics in an emerging market economy.

SUMMARY OF PROGRAM FINDINGS

The SUNY MTEEP program will be ending on December 31, 1998, pending a requested contract extension to that date. One of the SUNY program's significant accomplishments has been its regional impact. Each of the eight partner universities has undergone curriculum reform to integrate TQM into management-related courses across Faculties and some have added new degree programs as a result of their association with the program. Short courses on topics from SME Renewal to wine

industry tourism promotion have been held at sites around the country, reaching audiences that do not have easy access to the resources of Budapest. The TUB activities are highly successful. The TUB TQM Center is an active consulting center with a well-established client base. The MBA program is the top program in the country for engineering management and is operating at full capacity.

SUMMARY OF RESULTS IN BRIEF

Program reach figures for the SUNY program exceed 1,500 participants and clients, and that does not yet include complete figures for the TQM Centers' consulting activities. The percentage of female participation has dropped, but not by a significant amount.

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The SUNY project is a success. All major technical components will be sustainable, and USAID funds have had a lasting impact on the country. Program resources have been well spent. SUNY's implementation strategy has been sound, and has adapted well to meet evolving needs in Hungary throughout the life of the project. The remainder of the project needs to focus on further strengthening each of the TQM Centers and the TUB MBA program in order to best ensure they fulfill their promise and continue present activities beyond MTEEP funding.

Appendix B.3

Actual results and the status of outputs were verified by outside evaluation teams. DATEX was subcontracted by the AID/W Office of Democracy, Governance and Social Reform in the Human Resources Development Social Reform Division to evaluate all MTEEP projects. The DATEX activity was carried out semi-annually until April 1998. In addition, an outside evaluation was contracted with the Hungarian firm, Marketing KFT to interview customers who had benefitted from the program and accordingly, verify the status of impact indicators developed by the USAID/H SME Strategic Objective Team to measure achievement of its strategic objective and results.

The current grant lists eleven results which were expected to be achieved by the end of the activity. Four of these concerned developing the Technical University of Budapest (TUB) as a center to teach and disseminate TQM principles and practices throughout Hungary.

1. TUB will be a recognized national Hungarian resource for teaching company implementation of TQM principles and procedures and in management training for engineering students.
2. TUB will have worked with SUNY faculty to enhance capacity of six regional partner universities to teach and use TQM procedures and principles on campus and on the company level.
3. Faculty in every major department in TUB will have received training from SUNY faculty in Hungary and the U.S. and will have participated in TQM-based case writing involving Hungarian companies.
4. TQM will be a component of TUB's MBA and other programs.

Evaluators and USAID staff concluded that TUB has become an acknowledged TQM leader. Its TQM Center is a well established sustainable consulting center which derives 60% of its income from consulting and 40% from fee based education activities. All of TUB's faculty has been to the U.S. on study tours to see first hand, how TQM is practiced. TUB attracts top quality (as defined by test scores) engineering and management students. The university has been a leader in promoting the expansion of TQM to regional centers. Once functioning centers had been established, TUB became a resource center, providing support on request to outlying TQM centers. On the other hand, TUB has also used regional resources, such as professors, to present guest lectures in its MBA program. The entire TUB management faculty has received SUNY training, many participating on U.S. study tours. In 1996 a Hungarian language MBA program, geared towards engineers and with a focus on TQM, was established and has become fully sustainable. Three cohorts of 419 students have enrolled, many of these from small and medium enterprises. TQM is fully integrated into the undergraduate and graduate curricula.

Seven expected results focus on dissemination of TQM throughout

Hungary and especially to the development of TQM centers as part of the national university network. They are the following:

1. Principal faculty of six regional partners will have received training in the U.S., including observational company visits to New York to observe practical TQM applications.
2. A national TQM culture will exist in Hungary, primarily in universities and manufacturing sectors, and customer-defined quality standards will figure in all major engineering, production and managerial decisions.
3. A national university-based network of TQM centers and trainers will have been developed.
4. Education and faculty development will be supported with curriculum development, Hungarian materials development, consulting, and outreach training.
5. Faculty training will have been provided in the U.S. focusing on TQM practices, including case writing curriculum development.
6. Management faculty at all participating institutions will be capable of implementing company-level TQM programs and training courses; substantial amounts of Hungarian language TQM teaching materials will have been produced; TQM curricula will be introduced.
7. Direct beneficiaries (or customers) will be faculty members and their institutions, management students, and Hungarian companies.

The first and third results were surpassed because a total of seven rather than six regional TQM centers were established and staff members from all as well as TUB have received training and made observational company visits. A total of 132 participants received short term tours that were customarily organized through the University of Buffalo to include representatives from the TQM centers as well as entrepreneurs and business representatives in the geographical areas served by the centers. In addition fourteen Hungarians from the centers and universities received graduate student assistantships in the U.S.

A national TQM culture has been fomented by a number of factors: a) the development of the centers which have trained over 5,368 students and provided private sector consulting services to 7,090 clients; b) a total of 143 outreach courses were designed to disseminate TQM principles in areas not currently served by a center and these were attended by 4,090 participants; c) translation into Hungarian of all written materials presented by U.S. professors in the open enrollment courses and their distribution to wide audiences; d) the roll-out of three key TQM

textbooks, translated into Hungarian and published by local companies. Concurrently, as Hungary prepares itself to join the European Union, ISO certification of products and businesses becomes critical, and this requires upgraded standards corresponding to those perpetrated by TQM and this has also contributed to a national recognition that quality is essential for Hungary's future.

Educational and faculty development were supported by curriculum development, Hungarian materials, consulting and outreach training. Following their return from TQM study tours to the U.S., faculty customarily re-examined university curricula and made recommendations for changes based on what they had learned. In addition to translating and distributing outreach course material, three translations TQM textbooks were introduced locally: *Total Quality Management: Three Steps to Continuous Improvement* and *Process Redesign* by Irving J. De Toro and Arthur R. Tenner (co-authors) and *Business Process Benchmarking* by Robert C. Camp. Case-writing competitions were held annually and winners received study tour visits to SUNY. The three text books published in Hungarian contained local cases to demonstrate principles and concepts introduced. In addition, a case study text was published in Hungarian.

The centers are sustainable because they were established as key parts of university and college faculties. They also serve as provide sites where professors can undertake consulting assignments, accordingly, providing additional income and increasing their roles as service providers to the local business community.

III. Lessons Learned

1. SUNY made a decision early-on to carry out its program country-wide, rather than limiting activities primarily to Budapest. Outreach courses and seminars were presented in 40 cities and towns and a total of eight TQM centers were established, seven outside Budapest. This decision was indispensable in promulgating a national TQM culture, strengthening the national education system, and providing support for SMEs.
2. Spread effects were enhanced because all written materials, as well as three well-known TQM books were translated into Hungarian and widely distributed to faculty, students, and SME participants.
3. The establishment a Hungarian language MBA program focusing on TQM resulted in stronger local ownership by TUB and this has contributed to its sustainability.
4. SUNY's local administrative office in the Center for Private Enterprise Development, CPED, resulted in better activity management, facilitated communication with USAID Hungary, and

encouraged informed programmatic decisions, and allowed partners to collaborate more closely. Cordial relations between activity managers and local CPED staff also facilitated SUNY's responsiveness to USAID's reengineering needs. Timely quarterly activity and financial reports written by SUNY's Office of International Programs also facilitated USAID project monitoring and reporting.

5. The composition of study tours to the U.S. including both representatives of academia and business, facilitated incorporating TQM into the university system as well as in to the practices of local businesses. As TQM practices were adopted, quality and customer focus were inculcated as on-going processes and values.

6. Indicators designed to measure impact of activities on customers should be built into the activity design and the corresponding budget should include allocations for their collection. SME impact indicators were not developed until USAID Hungary was reengineered in 1996 and strategic objectives were revised. Had a system been designed for ongoing collection and regular, systematic reporting of indicator data, results could have been followed more easily.

Appendix C

Activity Summary for SUNY Hungary MTEE Project October 1994 through December 1998

of Short Courses

Year	# Courses		% complete
1994/95	54		
1995/96	29		
1996/97	28		
1997/98	32		
98 Ext.	6		
Total	<u>149</u>	278 - Four-year target	53.6%

of Contacts from Short Courses (includes short course, TQM, Eng. Mgt., MBA seminars, and case study)

Year	# Contacts		% complete
1994/95	1,374		
1995/96	652		
1996/97	805		
1997/98	1,228		
98 Ext.	519		
Total	<u>4,578</u>	5,000 - Four-year target	91.6%

of Graduate Student Assistantships in US

Jozsef Bogнар	1		
Balasz Becser	1		
Janos Ginsztler, jr.	1		
Istvan Zelei	1		
Balazs Heidrich	1		
Zoltan Raba*	1		
Barna Semsey*	1	*-Albany-based interns, all others at SUNY Buffalo	
Gyula Mikula	1		
Zoltan Ribiszar	1		
Csaba Deak	1		
Peter Kovacs	1		
Zoltan Jaczo	1		
Gabor Pauler	1		
Balazs Nemeth	1		
Total	<u>14</u>	8 - Four-year target	175.0%

US-based Short Term Training

Year	# Partc.		% complete
1994/95	19		
1995/96	47		
1996/97	20		
1997/98	46		
Total	<u>132</u>	80 - Four-year target	165.0%

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Engineering Management MBA at Technical University of Budapest

Year entered	# Students	
Cohort #1 -1996/97	56	Completed two years of study-projected to graduate in 1999
Cohort #2 - 1997/98	152	Completed one year of study
Cohort #3 - 1998/99	194	Students entering in 1998
Total	<u>402</u>	(Does not include students who enrolled but dropped out)

Private Sector Consulting Contacts by TQM Centers

Year	# Contacts	
1994/95	267	
1995/96	88	
1996/97	2,906	
1997/98	3,829	
98 Ext.	525	(figure for TUB only)
Total	<u>7,615</u>	

Classroom contacts by TQM Centers

Year	# Students	
1994/95	261	
1995/96	360	
1996/97	1,503	
1997/98	3,744	
Total	<u>5,868</u>	

SUMMARY

TOTAL 18,609 Contacts from October 1994 through December 1998

1991-93 Programs

Short Courses	3,506	Contacts
Pew Fellows	18	Participants to U.S.
CNI Exchange	24	Participants to U.S.
Faculty visits	15	Initial study tours/summer programs 93/94

Subtotal 22,172 Documented contacts 1991-98

Additional info

Small Bus. Adv.	2,000	Estimated contacts 1991-95
Video Training	30,000	Estimated exposures through TV and other outlets
TQMC Libraries	8,000	Estimated contacts - 8 centers x 1000 users -1996-98

TOTAL 62,172 Estimated number of total Hungarian contacts to SUNY MTEEP activities during LOP w/AID funding-1991-98